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Underwriting Standards

| Underwriting Standards | | |
|-------------------------|---|---|
| | | |
| Project Reserves | 1 Rent-up 2 Operating | 4 months of debt service, operating expenses & reserve deposits |
| Replacement Reserves | | New Construction: \$200 per unit Rehab: \$300 per unit |
| Annual Trending Factors | Income Expenses Replacement Reserves | 2.00% 3.00% 2.00% |
| Other | Vacancy Rate | 5.00% |
| | Debt Service Coverage Ratio | RHS 1.05 All others 1.1 |

| Operating Costs Distressed Area Standards | | | |
|--|-----|-------|--------|
| | Low | High | Medium |
| Administrative Costs | 559 | 1,166 | 854 |
| Operating Costs | 213 | 582 | 412 |
| Maintenance | 710 | 1,420 | 956 |
| Fixed Expenses | 294 | 843 | 551 |

| Operating Costs All Other Area Standards | | | |
|---|-----|-------|--------|
| | Low | High | Medium |
| Administrative Costs | 550 | 1,182 | 735 |
| Operating Costs | 191 | 604 | 377 |
| Maintenance | 494 | 1,288 | 856 |
| Fixed Expenses | 222 | 1,335 | 646 |